

## Message Text

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TAGS: EFIN, PFOR, EEC, EGEN, ELAB, SGEN, EAID, CY, SO

SUBJECT: EC FINANCE COUNCIL MARCH 18, 1975 AUTHORIZES LIMITED  
ADOPTION OF NEW UNIT OF ACCOUNT

REFS: (A) EC BRUSSELS 1453

(B) EC BRUSSELS 1815

(C) EC BRUSSELS 2115

(D) EC BRUSSELS 2391

1. BEGIN SUMMARY: ON MARCH 18 THE EC FINANCE COUNCIL APPROVED  
(SUBJECT TO TWO TECHNICAL RESERVATIONS) A COMMISSION PROPOSAL  
FOR A NEW UNIT OF ACCOUNT TO BE USED BY THE EUROPEAN DEVELOP-  
MENT FUND (EDF) FOR THE ACP COUNTRIES AND FOR THE EUROPEAN  
INVESTMENT BANK (EIB). (SEE REFTELS). THE MINISTERS BRIEFLY  
DISCUSSED THE COMMISSION'S ECONOMIC POLICY GUIDELINES FOR  
THE COMMUNITY, AND PROPOSALS TO CHANGE THE REGULATION WHICH  
ESTABLISHED THE EUROPEAN MONETARY COOPERATION FUND. THE COUNCIL'S  
CONSIDERATION OF SWITZERLAND'S INFORMAL APPLICATION TO BEGIN  
NEGOTIATIONS LEADING TO ASSOCIATION WITH THE "MINI-SNAKE"  
AND THE MINISTERS' DECISION TO APPROACH THE UNITED STATES TO  
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SEE WHAT COULD BE DONE TO HASTEN ECONOMIC RECOVERY HAVE BEEN

REPORTED SEPTELS. END SUMMARY.

2. NEW UNIT OF ACCOUNT (U.A.):

THE FINANCE MINISTERS OF THE EC AT THEIR COUNCIL MEETING IN BRUSSELS ON MARCH 18 AGREED TO ADOPT A MARKET BASKET OF EC CURRENCIES AS A NEW U.A. FOR KEEPING THE ACCOUNTS OF THE EDF UNDER THE EC-ACP LOME CONVENTION. (THE CURRENCIES MAKING UP THE NEW U.A. ARE TO BE WEIGHTED IN ACCORDANCE WITH THE FIGURES GIVEN IN REF. C). THE BRITISH DELEGATION ENTERED A TECHNICAL RESERVATION TO THE COUNCIL'S DECISION ON THE ADOPTION OF THE NEW U.A. FOR THE EDF SAYING THAT THE MATTER MUST FIRST BE REVIEWED BY THE UK PARLIAMENTARY SCRUTINY COMMITTEE.

3. CONVENING THEMSELVES AS THE GOVERNORS OF THE EUROPEAN INVESTMENT BANK, THE MINISTERS VIRTUALLY COMPLETED ACTION ON THE FURTHER USE OF THE NEW U.A. FOR THE BANK'S 1974 YEAR-END ACCOUNTS. THE DANES RESERVED, HOWEVER, SAYING PARLIAMENTARY APPROVAL WAS NEEDED BEFORE THEY COULD AGREE. NEITHER THE UK NOR DANISH RESERVATIONS ARE CONSIDERED SUBSTANTIVE AND THE NEW U.A. IS EXPECTED TO BE FORMALLY ADOPTED WITHIN SEVERAL WEEKS.

4. SPEAKING WITH REPORTERS FOLLOWING THE COUNCIL SESSION, UK PAYMASTER GENERAL DELL REJECTED THE SUGGESTION THAT THE NEW U.A. WAS, AS COMMISSION PRESIDENT ORTOLI AND FRENCH FINANCE MINISTER FOURCADE HAD CLAIMED, A FIRST STEP TOWARD EUROPEAN MONETARY UNION (EMU). DELL REPEATED BRITISH RESERVATIONS REGARDING EMU AND SAID THAT WHILE USEFUL, THE CREATION OF THE NEW U.A. WAS NOT A PARTICULAR SIGNIFICANT STEP. POLITICALLY HE INDICATED THAT STUDIES REGARDING A POSSIBLE EXTENSION OF THE U.A. TO OTHER COMMUNITY ACTIVITIES WOULD BEGIN, BUT SAID ANY SUCH EXTENSION POSED SERIOUS PROBLEMS FOR THE UK AT THIS TIMES.

5. COMMUNITY ECONOMIC POLICY GUIDELINES FOR 1975:

THE COUNCIL BRIEFLY DISCUSSED THE COMMUNITY'S ECONOMIC SITUATION ON THE BASIS OF DOCUMENTS SUBMITTED BY THE COMMISSION. AS A RESULT OF THIS DISCUSSION, THE COUNCIL AGREED IN PRINCIPLE (SUBJECT TO A PROVISIONAL UK RESERVATION) ON GUIDELINES DESIGNED FACILITATE CONVERGENCE OF MEMBER STATES ECONOMIC POLICIES.

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6. ECONOMIC AND SOCIAL SITUATION:

THE COUNCIL DISCUSSED THE DRAGT RESOLUTION WHICH WAS SUBMITTED TO THE EUROPEAN COUNCIL IN DUBLIN ON MARCH 10-11 BY BELGIAN PRIME MINISTER TINDEMANS REGARDING THE ECONOMIC AND SOCIAL SITUATION IN THE COMMUNITY. ACCORDING TO BELGIAN PERMANENT REPRESENTATION SOURCES, TINDEMANS SUGGESTED A THREE-STAGE EXAMINATION OF THE ECONOMIC AND SOCIAL SITUATION IN THE COMMUNITY: (A) A JOINT COUNCIL MEETING OF ECONOMIC AND SOCIAL AFFAIRS

MINISTERS; (B) A MEETING OF THE SOCIAL PARTNERS (EMPLOYERS, UNIONS AND GOVERNMENTS); AND (C) A SERIES OF MEETINGS BETWEEN GOVERNMENT OFFICIALS AND SPECIFIC EMPLOYERS AND UNIONS ON A SECTOR-BY-SECTOR BASIS. ACCORDING TO PRELIMINARY REPORTS, NO FORMAL DECISION WAS TAKEN BY THE COUNCIL, ALTHOUGH THE PROPOSAL RECEIVED FAVORABLE CONSIDERATION.

7. EUROPEAN MONETARY COOPERATION FUND:

THE MINISTERS DISCUSSED CHANGES IN THE REGULATION ESTABLISHING THE EUROPEAN MONETARY COOPERATION FUND (EMCF) IN LIGHT OF THE OPINIONS GIVEN TO THE COUNCIL BY THE EUROPEAN PARLIAMENT, THE MONETARY COMMITTEE AND THE COMMITTEE OF GOVERNORS OF CENTRAL BANKS. THE COUNCIL HAD NOT RECEIVED THE OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE, AND THEREFORE, NO DECISION WAS TAKEN. THE SUBJECT WILL COME UP AGAIN, PROBABLY AT THE NEXT FINANCE COUNCIL MEETING WHICH IS SCHEDULED TO TAKE PLACE IN LUXEMBOURG ON APRIL 21.

8. REGIONAL FUND.

THE MINISTERS APPROVED WITHOUT DISCUSSION THE TEXTS OF A REGULATION SETTING UP THE EUROPEAN REGIONAL DEVELOPMENT FUND AND A DECISION ESTABLISHING A REGIONAL POLICY COMMITTEE. THE MINISTERS WERE UNABLE TO APPROVE THE SUPPLEMENTARY BUDGET FOR THE REGIONAL FUND BECAUSE THE EUROPEAN PARLIAMENT IS STILL UNDECIDED ON WHETHER THESE EXPENDITURES SHOULD BE OBLIGATORY OR NON-OBLIGATORY IN TERMS OF THE TREATIES. THIS DELAY IS EXPECTED TO BE RESOLVED SHORTLY AND, IN ANY CASE, WILL HAVE NO PRACTICAL EFFECT BECAUSE DISBURSEMENTS FROM THE FUND WILL BE RETROACTIVE TO JANUARY 1, 1975. (THE TEXTS OF THE REGULATIONS ARE CONTAINED IN EC BRUSSELS A-109).

9. EC FOOD AID:

THE COUNCIL APPROVED, WITHIN THE FRAMEWORK OF THE EC'S 74/75 LIMITED OFFICIAL USE

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FOOD AID PROGRAM, 300 METRIC TONS OF BUTTEROIL FOR CYPRUS TO BE SUPPLIED VIA THE UNHCR, TOGETHER WITH 850 METRIC TONS OF BUTTEROIL AND 2,000 METRIC TONS OF SKIM MILK POWDER FOR SOMALIA. GREENWALD

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## Message Attributes

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